



State of California

1999 Annual Report

California Division of Tourism
(California Tourism)

California Technology, Trade & Commerce Agency
Lon S. Hatamiya, Secretary

March 1, 2000

California Travel and Tourism Commission—1999

APPOINTED CTTC COMMISSIONERS

1999 CHAIR – Lon S. Hatamiya, Secretary, California Trade and Commerce Agency

Deserts

Mike Fife, Palm Springs Desert Resorts CVB, Rancho Mirage (1/02)

San Diego County

William Davis, SeaWorld of California, San Diego (1/02)

Inland Empire

Ted Weggeland, Entrepreneurial Hospitality Corp., Riverside (1/02)

Orange County

Bill O'Connell, Stovall's Best Western, Anaheim (1/00)

Los Angeles County

George Kirkland, Los Angeles CVB, Los Angeles (12/99)
Tadao Fujiwara M.D. (1/04)

Central Coast

Ted Balestreri, Cannery Row Company, Monterey (1/00)

High Sierra

Dennis Harmon, Heavenly Ski Resort, South Lake Tahoe (1/00)

San Francisco Bay Area

John Marks, San Francisco CVB, San Francisco (1/00)

Gold Country

Chief Financial Officer, John Kautz, Kautz Ironstone Vineyards, Murphys (1/02)

Central Valley

Vacant

Shasta Cascade

John Koeberer, California Parks Company, Red Bluff (1/02)

North Coast

Vacant

ELECTED COMMISSIONERS

Accommodations

Vice Chair, Jim Abrams, California Hotel & Motel Association, Sacramento (1/02)
James J. Amorosia, Motel 6 Operating, Belmont (1/04)
Glyn Davies, Simpson House Inn, Santa Barbara (1/04)
Mark Erskine, San Diego Marriott Hotel and Marina (1/02)
Anne Evans, Evans Hotels, San Diego (1/04)
Michael Gelfand, Terra Vista Management, Beverly Hills (1/02)
Charles H. Hays, Far Horizons 49er Trailer Park, Plymouth (1/02)
Greg Hendel, Best Western Palm Springs (1/02)
Rick Lawrence, California Lodging Industry Association, Sacramento (1/02)
Chris Middleton, American Hotels, Palo Alto (1/04)
Cormac O'Modhrain, Park Hyatt Los Angeles (1/04)
Gene Zanger, Casa de Fruta, Hollister (1/04)

Restaurants and Retail

Ted Burke, Shadowbrooke Restaurant, Capitola (1/02)
Jeani Lund, Merv Griffin Enterprises, Los Angeles (1/02)
Ric Service, Las Casuelas Terraza, Palm Springs (1/04)
Vacant

Attractions and Recreation

Claire Bilby, Disneyland Resort, Anaheim (1/02)
Steve Lew, Universal Studios Hollywood, Universal City (1/04)
Vice Chair, Bob Roberts, California Ski Industry Association, San Francisco (1/02)

Transportation and Travel Services

Michael Gallagher, City Pass, San Francisco (1/04)
Anastasia K. Mann, Corniche Travel, West Hollywood (1/04)
Terry MacRae, Hornblower Cruises & Events, San Francisco (1/04)
Robert Neuberger, Avis Rent A Car, El Segundo (1/02)
Rita Vandergaw, Port of San Diego (1/02)

Note: Date in parenthesis reflects term expiration date

California Travel and Tourism Commission

Executive Director, Caroline Beteta

Executive Assistant, Susan Cremins

Senior Public Affairs Consultant, Lisa Kruttschnitt

California Division of Tourism

Deputy Secretary, Caroline Beteta

Assistant Secretary, Elaine Berghausen

Senior Tourism Specialist, Tiffany Urness (Assessment Program and Research)

Associate Government Program Analyst, Ann Reicherter (Budgets)

Associate Government Program Analyst, Janice Simoni (Contracts)

Associate Government Program Analyst, Ann Garibaldi (Assessment Program)

Associate Government Program Analyst, John Torres (Assessment Program)

Associate Government Program Analyst, Joan Clark (Assessment Program)

Staff Services Analyst, Angela D'Ambrosio (Assessment Program)

Research Analyst II, Eileen Hook (Research and Rural Tourism Liaison)

Associate Tourism Specialist, Fred Sater (Media Relations)

Assistant Tourism Specialist, Mary Cochran (Media Relations)

Associate Tourism Specialist, Tom Lease (National Program)

Assistant Tourism Specialist, Gretchen Brigaman (Welcome Centers)

Associate Tourism Specialist, Terry Selk (International Program)

Associate Tourism Specialist, Glenda Taylor (International Program)

Associate Tourism Specialist, Tiffany McKenzie (International Program)

Associate Tourism Specialist, Barbara Steinberg (Publications Program)

Assistant Tourism Specialist, Megan Wright (Publications Program)

Executive Secretary, Sharon Stewart

Office Technician, Dana Ross

Office Assistant, Vacant

Visitor Information, Lois Vaira

Interns:

Stacy Corcoran (International)

Lauren Johnson (International)

Dina Pineda (National)

Vacant (Media Relations)

Sarah Reinheimer (Publications)

Minoru Yoshida (Research)

Sandy Phoxay (Assessment)

Inthira Southiyanon (Assessment)

Reporting Requirements

Section 15364.54 of the Government Code specifies that on or before March 1 each year, the Director of Tourism shall:

- Present a marketing plan for the upcoming year (*see Appendix A*)
- Assess effectiveness of the previous year's tourism marketing program (*noted within analysis of each program element*)
- Document directly attributable benefits of the previous year's tourism marketing program (*see Directly Attributable Benefits*)
- Identify methods of promoting travel to the state's lesser-known and under-utilized destinations (*see Benefit to Lesser-known and Under-utilized Destinations*)
- Measure the annual size in aggregate and by county, for the most recent year, of:
 - travel and tourism spending in California (*see State of the Industry and Appendix B*)
 - travel and tourism employment in California (*see State of the Industry and Appendix B*)
 - travel and tourism generated state and local tax revenues (*see State of the Industry and Appendix B*)
- Identify additional data to be collected to assess further and adequately the benefits of the tourism marketing program (*see Research*)
- Establish standardized and accurate methods to measure annually California's share of domestic and international tourism (*see Market Share*)
- Report on the income and expenses on the commission and otherwise generally with respect to financial affairs (to be audited). (*see Appendix C*)

State of the Industry

- Travel spending in 1999 grew 3.4%, increasing from \$64.8 billion to \$67.0 billion.
- Tourism employment increased 3.0% to 705,550 jobs in 1999.
- The State of California collected \$2.6 billion in taxes from travel spending in 1999, up 3.4% from 1998. Local communities collected \$1.45 billion in local taxes from travel spending, an increase of 3.4%.

Market Share

California's market share of domestic leisure travel for the first seven months of 1999 increased to 10.5%, compared to 10.0% for the same period in 1998.¹

Preliminary estimates indicate that overseas travel to the U.S., January through September 1999, was up 1.6% compared to the same period in 1998. The increase is attributed to improvements in the economic situation in Asia as well as other countries. California captured 25.2% of overseas travelers in 1998, and it is anticipated that the state will garner approximately the same share of the market in 1999. Final statistics will not be released by the U.S. Government until after publication of this report.

Directly Attributable Results

Generally accepted accountability measures were used to determine the directly attributable benefits of the literature/fulfillment and advertising programs.² Other program results are reported within each program section.

Literature/Fulfillment – Results of the most recent Literature/Fulfillment cost-benefit study will be available in the first quarter of 2000. Of the most recent year measured, 1997, the Literature/Fulfillment cost benefit study³ determined that the California Tourism's literature/fulfillment program generated \$83.6 million in total spending to the state. This resulted in \$3.2 million in new state tax revenues being generated from visitor spending stimulated by the literature/fulfillment program. The study established that for every dollar spent preparing and sending visitor information to travelers, the State of California received \$101 in return from travelers who decided to visit or to extend their stay because of having received the information.

Advertising – A study conducted of California Tourism's 1999 advertising campaign⁴ established that the California Tourism ads generated 735,850 projected new visitors in 1999 and 2000. These new visitors will spend a projected \$619.2 million. The cost of the advertising campaign was \$2.7 million, leading to a return of \$229 for each \$1 spent. This investment also generated an estimated \$8.70 in taxes for each \$1 spent, or a total of \$23.5 million in state taxes.

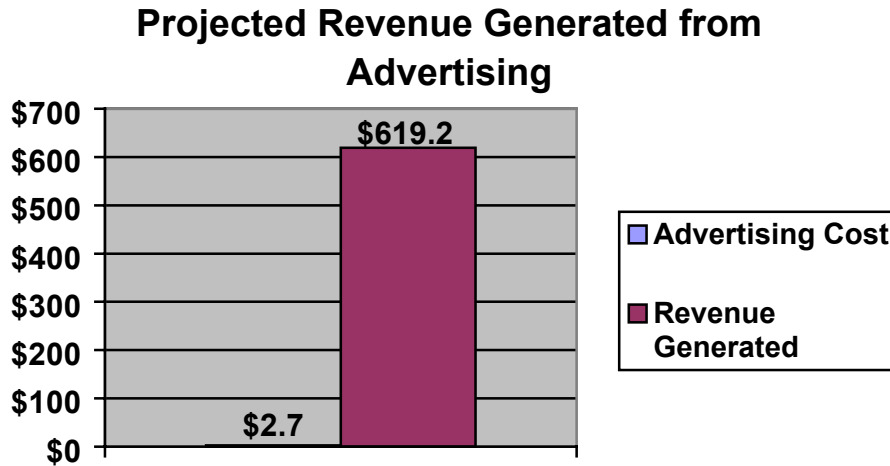
¹ D.K. Shifflet & Associates, December 1999.

² Because of the lack of generally accepted methods for calculating visitation and employment directly attributable to every marketing activity, other program elements are evaluated using standard indirect measures of effectiveness, such as the number of trade show contacts made, number of sales mission participants, and dollar value of column inches of positive articles about California attributable to Media Relations program outreach.

³ Effectiveness of the California Division of Tourism 1997 Fulfillment Program, Patrick T. Tierney, Ph.D., San Francisco State University, October 1998.

⁴ Effectiveness and Economic Impact of 1999 California Tourism Advertising Campaign, and Comparison with Previous Campaigns, Davidson-Peterson Associates, December 1999.

Direct Return on State Investment



Awards

Culture's Edge - Developed by the California Tourism Coalition, this piece received a national award for the publication, *Culture's Edge*, a 120-page travel guide highlighting venues created by various ethnic communities. In just over one year, 1.2 million copies of *Culture's Edge* reached consumers, the travel trade and travel writers. The ultimate reward came when the Travel Industry Association of America (TIA) awarded the cooperative partners of *Culture's Edge* its 1999 Odyssey Award in the cultural heritage category.

Insights - The California travel industry newsletter was awarded a Crystal Merit Award from the International Association of Business' Committee (IABC) and a Gold Award from the annual Sacramento Public Relations Association "CAPPIES." This beautiful and informative publication provides California travel businesses with news of California Tourism's programs so that they might better take advantage of these marketing opportunities, and it includes a highly praised section on tourism research relevant to California.

California Official State Visitor's Guide 1999 - Received a Golden Bell Award for State Tourism Bureau Magazine from the Hospitality Sales & Marketing Association International. The HSMAI Adrian Advertising and Golden Bell Public Relations Awards Competition is one of the largest and most prestigious travel events of its kind in the world. Last year, the two contests attracted more than 1,700 entries from 51 countries around the world. These awards have been created to honor and showcase the best in hospitality and travel advertising, marketing materials and public relations. Originally conceived to recognize the hotel industry, the contest now embraces virtually every area of the travel industry including hotels, airlines, cruise lines, car rental companies, destinations, credit card companies and Web site marketing.

The Really Smart California Map - Received a Golden Bell Award for Public Affairs/PSAs from the Hospitality Sales & Marketing Association International.

“California...Find yourself here” Advertising Campaign - Received an Adrian Advertising award for travel industry advertising series from the Hospitality Sales & Marketing Association International.

Benefit to Lesser-known and Under-utilized Destinations

The extensive promotional outreach conducted by California Tourism nationally and internationally continually identifies California’s lesser-known and under-utilized destinations in ways the regions could not otherwise afford to achieve on their own. This includes publicity, editorial coverage, listings of tourism attractions and facilities, events listings, sales representation and advertising generated by the California Tourism program. For example, a content analysis of primary California Tourism publications distributed in 1999 measures what percentage of content featured lesser-known and under-utilized destinations:

	<u>Distribution</u>	<u>Content</u> ⁵
Calendar of Events	400,000	73%
Visitor’s Guide	400,000	54%
Travel Planner	85,000	56%
Outdoor Recreation Guide	105,000	95%
Internet (hits)	30,463,912	66%

In addition, this year’s \$4 million advertising campaign generously featured lesser-known destinations with 3 of the 4 print advertising executions being in this category.

State efforts to increase travel to California gateway destinations (Los Angeles, San Francisco, San Diego, San Jose, Orange County) from distant markets ultimately benefit lesser-known destinations, because these efforts increase the pool of travelers from which lesser-known areas draw. Similarly, promotion of rural destinations ultimately attracts visitors through gateway destinations.

⁵ Approximate

California Travel and Tourism Commission

This past year marked the first fully funded and operational program year of the new industry-directed California Travel and Tourism Commission (CTTC). The presence of the CTTC dramatically enhanced the ability of the tourism industry to promote California as a unique travel destination and to increase the state's awareness as a desirable destination on par with the competition. The new funding generated by the CTTC increased California's total marketing budget from \$7 million to approximately \$13 million (a 70% increase), thereby elevating California's tourism budget from 24th to 16th in the nation. This funding was generated from assessments collected from over 3,800 travel and tourism-related businesses.

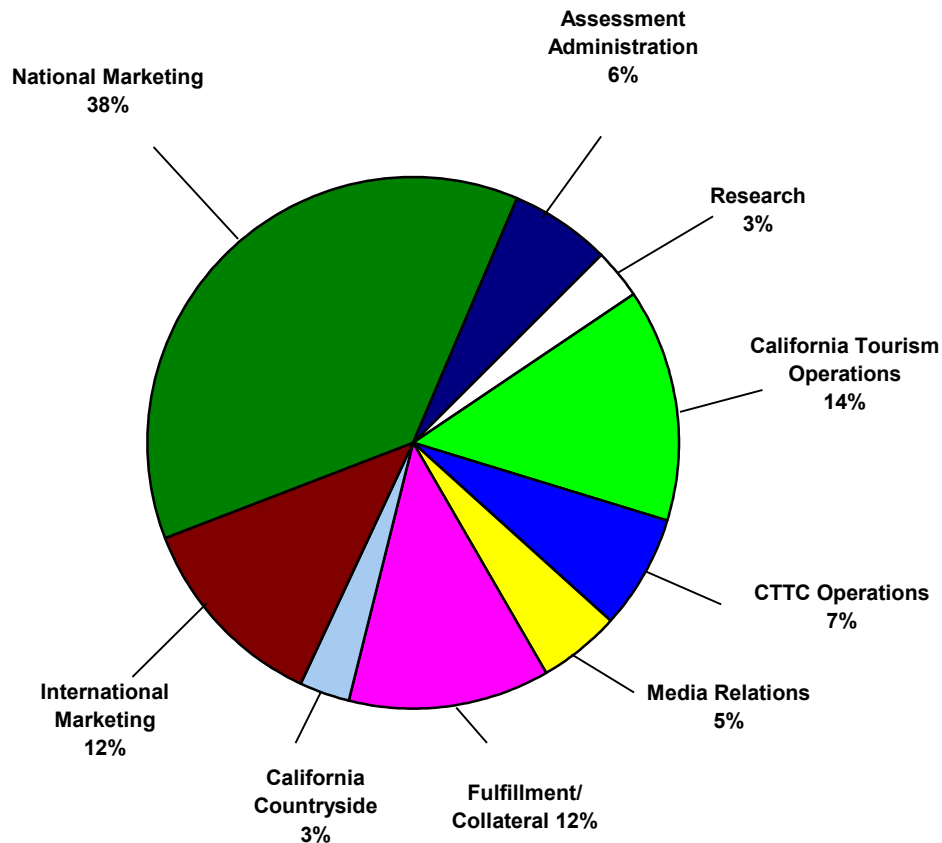
Of particular importance, CTTC funding provided for a 57% increase in advertising funding, which in turn, resulted in a 46% increase in gross impressions, a 20% increase in inquiries and a 31% increase in total Web site volume. CTTC funding also built the foundation for the *Wild California* IMAX film and traveling exhibit, the largest marketing endeavor to date organized by the travel industry, that will premiere in Spring 2000 and reach an estimated 12-15 million people worldwide. Please refer to page 30 of this report for a more detailed description of *Wild California*.

Additionally, CTTC funding for the 1999/2000 fiscal year provided for both the birth of new California tourism programs, as well as a boost to existing ones. Following is an outline of these programs, many of which can be found in greater detail within this annual report:

- Research and tracking studies of marketing programs
- Production of the new California Driving Tours Manual
- Overhaul of the California Tourism Web site, including new designs, translations and maintenance
- Co-funding of the Visitor's Guide, Calendar of Events, CA State Map and CA Snow publications
- Production of student tourism informational packets and Fun Spots insert
- 67% increase in California Countryside cooperative grant funds to eight designated regions
- California's Cultural Tourism program
- Co-funding of California's National Tour Association program
- Production of the Shop California advertorial spread
- Establishment of a restaurant cooperative program
- Creation of the virtual tour Bed & Breakfast program with Bamboo.com
- Cooperative funding for IMAX promotion and advertising at U.S. theaters
- Production of the Wild Vacations in California employee discount coupon booklet
- Co-funding of the California Welcome Center program
- Creation of the 46-page American Express Travel Planner
- 57% increase in the domestic advertising campaign
- Printing of new international brochures/maps in eight languages
- Major sponsorship of the California Travel Mart (CTM) trade show and educational program
- Co-funding of international representation offices in Japan, UK and Germany
- Establishment of new international representation offices in Australia and Brazil
- International trade and consumer promotions
- International trade shows and exhibitions
- Creation of trade show collateral
- United Airlines consortium/promotion

- Development of the “Taste of California” international cuisine program, featuring California chefs and agricultural products
- International travel trade educational training
- Co-funding of World Travel Market (WTM)
- California Dream Days consumer promotion
- International cooperative advertising with key travel partners
- IMAX newspaper insert
- International familiarization tours
- International travel trade fulfillment
- Production of Highlights, an international travel trade newsletter on California
- International media outreach programs
- Co-funding of press kits
- Co-funding of “What’s New in California” publication
- Press trips
- Crisis communications program
- Co-funding of international press trip to Japan
- Establishment of new public relations offices in UK, Germany and Japan
- Press kits and releases
- Additional media relations support/staffing

1998 California Tourism Marketing Program



Research

California Travel Impacts by County – An annual analysis of statewide tourism statistics (including financial impact, jobs, state and local tax revenues, transient occupancy tax, and other indices) was prepared for 1997, and preliminary estimates were produced for 1998. Final 1998 results are expected in the first quarter of 2000.

Program Evaluation Research – The effectiveness of the Advertising Program was evaluated, and was found to provide an excellent return on investment, as described elsewhere in this report.

Domestic and International Market Research – Reports on domestic and international visitors to California, part of California Tourism's ongoing market research efforts, were updated and published.

Research Insights – The research section within California Tourism’s quarterly newsletter, *Insights*, includes charts and graphs on domestic and international visitation, air arrivals, national and state park attendance, as well as market research figures and findings. Articles of interest to tourism and travel research and marketing professionals are also included.

Seasonal Forecasts – Resident and non-resident travel volume to and through California were forecast, by season.

Research Contract – Research reports continue to be produced under a master research contract. Improved cooperation between sub-contractors has resulted in a more comprehensive research program.

Research Response – California Tourism’s research staff answered approximately 450 calls for travel and tourism statistical data and sent copies of published reports to an additional 300 requesters. California Tourism’s research office provided information to destination marketing organizations, local, state and national governments, news reporters, investors, tourism developers, economic development organizations, appraisers, loan officers, marketers, and students.

Web site – An average of 3,500 people per month requested the California Visitor’s Guide over the Internet. Of those requesting this information, 12% were from California, 6% from Canada, 75% from the rest of the United States and 7% from overseas. Internet users found the California Tourism web site in various ways: 81% by Internet search, 4% by referral from a friend or relative, 3% from a guidebook, and the rest indicated “other” or made no response. Planning vacations continues to be the primary reason for using the Internet. Of those using the California Tourism web site, 84% were planning vacations, 4% were students preparing reports, 2% were traveling for business reasons, and the remainder were travel agents or individuals interested in relocating to California.

Cooperative Marketing Support

Leveraging the purchasing power of the state’s \$7.3 million tourism budget, California Tourism raised approximately \$20 million in additional cooperative partner funds to promote travel to California. Cooperative funding was developed from private and other governmental sources in every major category of California Tourism’s program.

Issue Analysis and Management

California Tourism Marketing Act – Implementation of the Tourism Marketing Act generated \$5.7 million for expanded tourism marketing during the 1998/99 fiscal year. By year end, \$1.7 million had been received in the first wave of the 1999/2000 collection cycle, with the bulk of the 3,800 assessed businesses registered to date scheduled to receive payment notices in January 2000. Nearly 142,000 businesses have filed for exemption since registration first began in 1997. Twelve of the twenty-four commissioner terms expired at the end of 1999. In December 1999, a referendum was conducted among assessed businesses to elect twelve commissioners to four-year terms on the California Travel and Tourism Commission.

California Tourism Awards – California Tourism presented awards, in 17 categories, for excellence in tourism marketing and management. The California Tourism Hall of Fame,



honoring Californians who have made exceptional contributions to the identification of California, was expanded. The Chairman's Tourism Award was given to the "Real California Cheese" advertising campaign in recognition of its efforts, as a non-tourism related business, in promoting California.

Reservation Services – In 1999, California Tourism continued facilitating a working group regarding the program links to the 800 number and visitors to its Web site, in order to provide consumers with direct connections to California lodging facilities to reserve accommodations. Some travel agents have objected to the service, claiming that it competed with them. Travel agents and other reservation services were also provided the opportunity to sell directly to California vacationers through California Tourism's Web site and 800 number. In 1999, Golden State Reservations (GSR) was the only service to be provided a link. GSR is a partnership between the California Hotel and Motel Association and the California Travel Industry Association. Its service providers are Tickets.com and World Res.

Western States Tourism Policy Council (WSTPC) – Comprised of eleven western state tourism directors of the thirteen western states, WSTPC addresses major tourism issues of importance in the West. Of significance, in October, WSTPC held a major summit on Transportation and Tourism, and throughout the year, kept in close communication with leaders of all major Federal agencies that were signators to a Memorandum of Understanding (MOU) regarding cooperative agreements involved in administration of tourism on public lands.

California Sesquicentennial – California Tourism continued to participate in marketing of the 150th anniversary of California's gold discovery to statehood. California Tourism assumed oversight of the official Sesquicentennial Web site with links to key Sesquicentennial partners, and a calendar of Sesquicentennial related events.

Heritage Tourism Summit – The office also participated in the development of a Heritage Tourism Summit, on behalf of Governor Davis, scheduled to take place in Sacramento in early 2000. The summit will bring together business, government and tourism industry representatives to discuss the relationship between heritage, tourism and economic development.

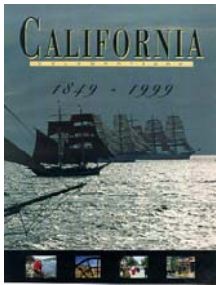
Industry Relations – California Tourism staff provided extensive communications outreach and technical assistance via speeches, presentations, and meetings to over 30 California communities in 1999. Communication efforts were also developed to reach the 3,800 members of the assessed business community regarding tourism trends, statistics, partnership opportunities, and California Tourism's marketing program in general.

Tourism Education Development – California Tourism staff served on the California Department of Education's "Carl D. Perkins" Vocational and Technical Education (VTEA) State Plan Review Committee. Bringing tourism careers into the forefront of educators and students throughout the state is the primary goal. The initial phase of the development of the joint industry partnership with the California Interagency Partnership (Employment Development Department, California Department of Education and the Chancellor's Office of California Community Colleges) will direct accountability criteria common to all industry sectors to ensure students are capturing, understanding and applying the knowledge to make informed career choices in the tourism industry.

Fulfillment and Collateral

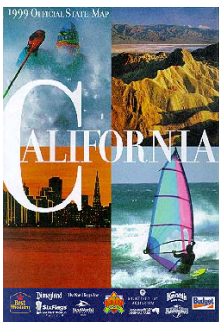


California Official State Visitor's Guide – Approximately 189,000 copies of the 1999 *California Official State Visitor's Guide* were sent in fulfillment packets to visitors planning California vacations and another 201,000 were distributed in bulk shipments to tour operators, travel agents, DMOs, California Tourism's overseas contractors and by California Tourism's distribution at trade and consumer shows. Requests for packets were up slightly over 1998; this is attributable, in part, to the increased use of the Web site, www.gocalif.ca.gov and links on other Web sites. Additionally, the Meredith Corporation (dba California Tourism Publications [CTP]) provided free reader service listings in *Ladies Home Journal* and *Better Homes & Gardens*. The 1999 *California Official State Visitor's Guides* were subsidized through advertising. Due to successful advertising sales, the guide grew by 36 pages.

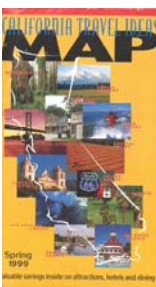


California Official State Travel Planner's Guide (TPG) – California Tourism's 1999 *Travel Planner's Guide* was distributed to 85,000 professional travel agents, tour operators, car rental agencies, DMOs and meeting planners. CTP did an initial mailing of 50,000 copies with the remaining 35,000 copies going to California Tourism's fulfillment program. The guide featured a 12-page travel planner insert with information on ground services, tour itineraries, transportation services, and a special new feature called, "One Hundred Reasons to See California." The Travel Planner's Guides were subsidized through advertising. Due to successful advertising sales, the guide grew by 36 pages.

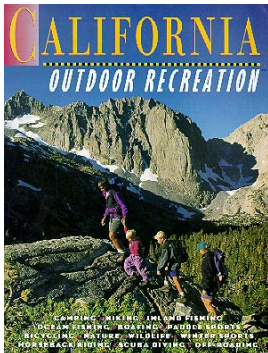
California Celebrations – Some 1,200 California events were listed in this guide. 400,000 of these calendars were shipped to travelers considering California vacations. The calendars included special identification of Stellar, Ethnic, Main Street and Sesquicentennial festivals and events. The cost for producing the calendar was approximately \$100,000.



California Official State Map – California Tourism, through the publisher of its Visitor's Guide, contracted with Magellan Geographix to update the Official State Map, including urban maps of Los Angeles, Orange County, the San Diego area, the San Francisco Bay area, Sacramento and the Monterey Bay area. One million maps were printed. 400,000 were bound into *California Visitor's Guides*; 30,000 were distributed by Best Western hotels (a major sponsor of the map); 50,000 were distributed by Info Systems throughout Arizona and Utah; and the remaining inventory was distributed by California Welcome Centers, DMOs, travel agents, tour operators, and through California's international offices. No California Tourism funds were utilized in this project. All costs for production were sponsored.



California Travel Ideas Map (CTI) – Winter 1999 was the 6th edition of this map. In 1999, one million copies of the map were distributed biannually at California's 16 agricultural border stations, California Welcome Centers, convention and visitor bureaus, chambers of commerce, major airports, travel agencies, tour operators, and trade shows. In addition, CTP arranged distribution at 1,200 Certified Folder locations throughout California and 370 Western Brochure Distribution outlets. Another 140,000 copies of the CTI map were polybagged with the October edition of *Ladies Home Journal* in an all-West Coast distribution. The map featured lodging and attraction discounts throughout the state. Advertising revenues underwrote the cost of producing the maps.



California Outdoor Recreation – This guide to California’s outdoor recreational opportunities debuted in Spring of 1997. The four-color publication described the many recreational opportunities available on California’s public lands, from camping to hiking, wildlife viewing, photography, rafting and more. The guide also offered safety tips and suggestions on ethical use of public lands as recommended by the “tread lightly” philosophy. Contact telephone numbers and Internet addresses offered additional information available from various recreation associations and public land agencies. The major source of distribution for the 500,000 guides was through California Tourism’s fulfillment program, California chambers of commerce, convention and visitor bureaus, and Welcome Centers. The last 105,000 copies were distributed by mid-1999. The guide is still available on California Tourism’s Web site in a pdf format. California Tourism developed *California Outdoor Recreation* in partnership with the California Roundtable on Recreation, Parks and Tourism, which is a cooperative of public and private organizations interested in public lands. Total cost for production was \$88,000. Currently there are no plans to reprint due to its new electronic version.



Student Packet – Approximately 40,000 elementary school children write to California Tourism annually requesting information for school projects. In response to these requests, California Tourism developed *The Really Smart California Map*. One side of the map provides students with information about California history, the Sesquicentennial, earthquakes, California icons, famous Californians and more. The other side is a full-size California map. The project was co-sponsored by the Fun Spots attractions. 50,000 copies of the map were reprinted in late 1998. California Tourism Publications arranged a special mailing of 23,000 copies of the ‘Smart Map’ in the January 2000 edition of *Crayola Kids* magazine. California Tourism’s investment was \$30,000; advertising revenue underwrote \$25,000 in production costs.

Fulfillment Contract – Tickets.com/BASS (d.b.a. as Destination Marketing Services) was awarded the fulfillment contract in early 1997. The contract was renewed in 1999 for a third year and will go out for re-bid in early 2000. Tickets.com/BASS telemarketers currently answer both toll free numbers (1-800-TO-CALIF and 1-800-GO-CALIF). Tickets.com/BASS subcontracts with FYI Direct to provide actual fulfillment services for California Tourism.



Web site – California Tourism’s Web site at: <http://gocalif.ca.gov>, averaged 2,573,000+ hits per month and, at peak, received more than 2,922,000 hits per month, an increase of 51% over the previous year. Activity on gocalif.ca.gov nearly tripled after the advertising campaign began in February. Virtually thousands of state and federal agencies, DMOs and attractions are now linked to the site, providing travelers with a central location to find travel planning information about California. New features for 1999 included: Virtual Tours of California Bed & Breakfast Inns, Cultural Tourism Video and foreign translations. Plans are under way for a complete redesign of the Web site in early 2000. In order to better satisfy our users, a new user survey was posted in 1999. California Tourism also hired The Marketing Store (a Web site design firm) to do a complete analysis of gocalif.ca.gov. Information provided in this analysis will be used to write an RFP for the redesign. See Research for more information about the site.

National Marketing

Advertising – Considered the anchor to any solid marketing effort, California Tourism moved forward with a brand new award-winning national advertising effort. The campaign theme, *California, Find Yourself Here*, ran nationally in lifestyle and traditional travel magazines, as well as was broadcast in seven major spot markets from February through June. Television spots ran in seven markets. The markets were tiered, “A” markets (Seattle, Denver, Portland, Salt Lake City) and “B” markets (Phoenix, Tucson, Dallas). Most importantly, the enhanced funding of the program increased gross impressions by a dramatic 46% over the previous year.

To complement the spot television buy, the State’s advertising agency, Mering & Associates, purchased a national magazine overlay. The magazines included full-half-and one-third page ads. The publications included *Adventure Journal*, *Better Homes and Gardens*, *Conde Nast*, *Budget Travel*, *National Geographic*, *Outside*, *People* (Oscar Edition), *Smithsonian*, and *Travel & Leisure*. *Sunset* magazine carried repeat advertising. Additionally, directory ads were placed in *Conde Nast*, *Brides*, *Martha Stewart’s Weddings* and *Reader’s Digest*.

Cooperative and insert advertising also included pieces with American Express in *Travel & Leisure* and *Better Homes and Gardens*.

Advertising on the Internet included banners on America OnLine and Preview Travel. As added value, banners also appeared on magazine homepages.

The total campaign generated approximately 178,000,000 total gross impressions. While call volume was flat, qualified leads (those consumers requesting packets), were up by one-third from the prior year. As this medium continues to become more important, it is anticipated that the Web will be a high source of inquiry and fulfillment.

The 2000 spring advertising cycle is currently in full production and promises to be equally exciting. California Tourism’s increased funding has allowed for three new print executions, a new 30-second TV spot, and an additional 26% increase in the advertising budget over last year. Finally, the California travel industry is keeping up with inflation and increased media rates for the first time in years.

American Express California Travel Planner – In addition to extending the advertising campaign reach, California Tourism undertook a major advertising cooperative program with American Express and other travel industry partners, creating a 3-to-1 leverage on the initial investment. The result was a 46-page four-color travel planner that carried the advertising creative which was then inserted into *USA Today*, *Better Home and Gardens*, and *Travel and Leisure*. Additionally, a direct mail piece following the same theme as the advertising with a heavy call to action, was mailed to 200,000 American Express cardholders with a high propensity to travel. A total of 2.1 million guides were printed and circulated. So far, this piece alone has generated 126,000 responses to the advertisers. With that success, California Tourism has moved into production for a second year and will drop another edition in March 2000.

Advertising results are noted on page 6 of this report.

California Welcome Centers – Two more welcome centers will join the network of California Welcome Centers in 2000: The Beverly Center (Los Angeles) and Arcata (North Coast). Continuing to service travelers are the California Welcome Centers in Rohnert Park, PIER 39 (San Francisco), Anderson and Barstow. The California Welcome Center/Kingsburg closed in 1999.

The California Welcome Center program provided training sessions for center staff, resource manuals, quarterly meetings with Center administrators and unscheduled inspections. All California Welcome Centers are now identified in the State's *Official Visitor's Guide*, on State tourism maps and the Web site. California Tourism works with Caltrans' Office of Signs, Delineation and Technical Support regarding sign specifications. The California Welcome Center administrators actively participate in the Travel Industry Association's "State Travel Information Center Director's Alliance (STICDA)" for educational and marketing support.

California Cultural Tourism Itineraries – This program was initiated by the Los Angeles Convention and Visitors Bureau's Cultural Tourism Division. California Tourism assisted in the development of a directory of cultural tourism itineraries, by underwriting the expansion of arts, heritage, ethnic and lifestyle tour itineraries, primarily in Los Angeles, San Francisco and San Diego. This included the development of major itineraries on the Sesquicentennial and California missions. The itineraries are the most extensive cultural tourism marketing package ever developed in the United States for the travel trade.

The Fun Spots – 1999 was a banner year for the California Fun Spots. Documented usage of the California Fun Spots card at member attractions increased to 46,875, a 56% gain.

The actual revenue generated from card redemptions was \$1,300,287, plus an estimated "in-park" spending of over \$937,500 for a combined attraction total of over \$2,237,000.

Branding for the California Fun Spots card increased in 1999 with logo impressions on the following publications:

- Front and outside covers of State of California "official" tourism map
- Inset of "official" tourism map repeats Fun Spot attractions at their respective destinations – print run: 1 million
- *Really Smart Map* – distributed to grammar school age students print run: 60,000
- Visitor Guide Maps/Fun Spot cards inserted into *Time*, *Sunset*, and *People* magazines – print run: 1,906,000

Ski California – For the first time in 20 years, California surpassed Colorado as the leading winter sports destination in the U.S. A study commissioned by Colorado Ski Country demonstrated that California's market share had increased from 13.9% in 1997 to 17.1% in 1998. Meanwhile, Colorado's share dropped from 18.9% to 16.2% in the similar timeframe. This achievement is graphic evidence that the Ski California cooperative campaign is working.

The centerpiece of last season's program was the upgraded *California Snow* magazine, published cooperatively by California Tourism and the California Ski Industry Association (CSIA). The content was restyled for a younger demographic and sponsor support increased four-fold. 260,000 copies were distributed with a first

time major distribution of 18,000 copies in the key East Coast markets of New York, Boston, and Washington D.C.

California Tourism's and CSIA's cooperative international marketing continued to yield results. The major destination resorts of Lake Tahoe and Mammoth Lakes reported that international visitors now account for as much as 15% of their total business. The United Kingdom continued to be the primary overseas market. The Virgin Holidays and Virgin Atlantic Airways program rebounded nicely from the previous season's dip, with their 13,174 passengers spending 54,611 nights at Lake Tahoe and Mammoth Lakes during the 1998-99 season. This was an \$11 million benefit for California's mountain communities. The CSIA sponsorship of the Warren Miller film, "Freeriders," now in its second year, added an important new partner, United Airlines. The film was seen in 44 locations, up from 31 last year. Additionally, this year 13 sales representatives from California attended the Daily Mail Ski Show in London.

The Todo Esqui show in Buenos Aires is the focal point of the California Tourism/CSIA marketing program in South America. Spanish speaking representatives from Heavenly and Mammoth resorts continued to build programs with the major tour operators and key partners, United Airlines and American Express. LADEVI, the distribution partner, distributed 12,000 copies of *California Blanca*, the Spanish language version of *California Snow*, to travel agents in Argentina, Chile, and Uruguay. A significant development in this market was the decision by seven winter sports tour operators to focus on California

Once again California played a key role in the worldwide promotions of SkiUSA. In addition to the UK, the CSIA participated in trade shows and advertising in Australia, Germany, Belgium, and the Netherlands.

Back home, the CSIA hosted the 2nd California Snow Sports Expo in San Jose, which has become the major consumer promotion in Northern California. The official Web site for California winter sports, www.californiasnow.com, has links to the California Tourism Web site and to all the California ski resorts. As the resorts continue to build presence in cyberspace, this Web site will become an important portal. The major resorts also feature online reservations and weather cams to assist the visitors in creating a California winter holiday.

Virtual Bed & Breakfast Tours – In July 1999, California Tourism joined with bamboo.com to provide the California bed & breakfast industry with an opportunity to be featured on the California Tourism Web site with virtual tours of participating inns.

Over 850 bed & breakfast inns were contacted and, to date, 435 have elected to participate. The California Association of Bed & Breakfast Inns (CABBI) joined with California Tourism as a partner to manage and update the bed & breakfast industry Web site. CABBI also agreed to enroll and fund the entire CABBI membership in the Virtual Tour program.

California Tourism participation was paramount in the creation of the program by agreeing to provide initial funding for the program. California Tourism will be repaid by CABBI and the independent inns over a 2-year period. This joint program provides California bed & breakfast inn participants with links from the Virtual Tours to the California Tourism Web site, their own Web site, and to a third Web site on request. The program also provides free e-mail virtual tours to the inns and free hosting on the bamboo.com server through June 30, 2001.

Since the vast majority of the California bed & breakfast inns are located outside the major service area of virtual tour Internet providers, the program allowed the California bed & breakfast industry to participate and compete globally via new virtual tour technology on the Internet. To date, virtual tours of over 335 California bed & breakfast inns have been captured and placed on the Internet for viewing. The goal is to have all other participating California bed & breakfast inns on-line by the end of the first quarter, 2000.

Shop California – Plans for the “Shop California” 2000 program include development of a dedicated Web site allowing browsers to access shopping destinations by tourism regions and shopping experiences desired, i.e. downtown districts, outlets, high-end to discount malls, and craft shopping.

A second program consideration is the development of a “Shop California” collateral piece featuring a two-page advertorial spread with possible expansion to an 8 to 16-page “Shop California” high impact unit to be inserted in target publications. American Express, local retailers and national partners would contribute to the development and distribution costs associated with the expansions of the high impact unit. Estimated circulation: 2 to 5 million. The Custom Marketing Group is assisting in the development of the project.

National Tour Association – California Tourism continued its coordination of industry-financed sponsorship of National Tour Association (tour operator) trade shows and meetings in 1999. “California Connection,” a private/public marketing endeavor of approximately 100 California companies gained positive identification by:

- Sponsoring the “Leadership Luncheon”, providing exclusivity at NTA
- Co-hosting the NTA Member Roundtable meeting in Los Angeles
- Sponsoring the Tour Operator Retreat finale dinner in Boston, updating key tour operators on California “product” with various educational components of California’s “fascinating” facts
- Sponsoring the National Tour Foundation scholarship program, demonstrating California’s commitment to tourism education and future practitioners within the tour industry
- Sponsoring TourPac to open communications with independent motor coach owners
- Conducting annual in-state meetings and educational sessions to bring California’s tour suppliers together and raise the effectiveness of the industry’s tour sales efforts
- Hosting “dine-around” dinner for tour operators at NTA’s annual convention in Nashville, TN
- Developing gold, silver, and bronze tour operator sponsor levels enabling suppliers, destinations, attractions and the travel trade maximum exposure before domestic group travel leaders

California Countryside Program

California Tourism defines lesser-known and under-utilized destinations as being the State's rural regions and ethnic communities. The rural regions are: Inland Empire, Deserts, Central Coast, Central Valley, High Sierra, Gold Country, Shasta Cascade and North Coast. Ethnic communities are found both in urban and rural regions. California Tourism terms the marketing of these regions the California Countryside Program.

- **Countryside Marketing Funds** - In this program year, \$25,000 was provided to each of the eight rural regions in the form of marketing funds. This funding includes specific allocations for regional participation in international travel and trade shows, and for support of regional tourism publications. The rural regions used the grant funds to attend both international and domestic travel or trade shows, to produce regional brochures and guides, CDs and Internet sites and to purchase advertising space. Over 240,000 contacts are attributed to the funding provided by the Countryside Marketing Funds, at a cost of \$0.67 each. When determining the number of new visitors resulting from trade show contacts in 1999, it should be realized that many contacts will retain the regional information picked up at travel trade shows and utilize it at a later date or share it with other potential visitors. The cumulative impact of regional representation at travel trade shows may not be felt until one to two years after the actual show date.
- **Rural Tourism Conference** – California Tourism worked with the California Travel Industry Association to sponsor a Rural Tourism Conference in September 1999. This was the first such conference in seven years, and was directed at representatives from rural tourism destinations and other tourism industry professionals. 120 individuals and three members of the press, who listened to presentations by over 20 speakers from all areas of the tourism industry, attended the conference. Speakers addressed such topics as public relations, visitor center operation, the Internet, rural tourism marketing, ethnic and heritage tourism, and wildlife festivals.
- **Agri-tourism Work Group, UC Davis** – California Tourism is represented on the Agri-tourism Work Group sponsored by the Small Farm Center of the University of California, Davis. The Work Group includes members of the agricultural community as well as tourism professionals who are interested in developing and marketing agri-tourism in California. Workshops have been held in northern and central California, and more are planned. A sub-group in the Central Valley is developing a list of agri-tourism sites in the Central Valley and foothills with plans to make the list available either on-line or in printed form in the near future.

International Marketing

Overview

International visitation accounts for approximately 4% or 10 million of California's annual 260 million visitor trips. Although a small percentage of the total, the international visitor is highly coveted due to the tendency to spend more and stay longer than the domestic traveler. In addition, the foreign visitor travels midweek and off-season bringing valuable

revenue to a community. California's popularity worldwide assists the state in maintaining its ranking among the top two U.S. destinations for the international traveler.

The primary objective of the international division is to increase/maintain the state's presence in established, as well as in new or developing markets. Many approaches are taken to accomplish such a challenging task, and include: attendance at selected trade shows/exhibitions; strategic alliances with key private sector partners; implementing cooperative marketing campaigns such as consumer promotions; continuous communications directly with the travel trade; conducting educational training seminars; developing and distributing foreign language materials; participating in U.S. tourism efforts such as Visit USA Centers worldwide; coordinating of travel trade familiarization tours; in-state outreach with various sectors of the travel industry; maintaining and developing market representation offices; assisting the foreign travel trade and consumer.

As a result of the Tourism Marketing Act, the second half of 1999 brought a sizable increase in funding (nearly 100%) to the International Program, now at approximately \$1.5 million. Despite a much needed financial boost, expansion of programs was limited due to a freeze in hiring more staff.

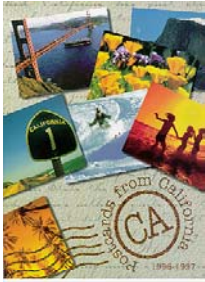
An industry Advisory Committee, consisting of marketing professionals from the rural regions, major convention and visitor bureaus, hotels, transportation companies, receptive operators, attractions, etc. meet quarterly to provide program staff with valuable feedback. Between official meetings, electronic project updates/bulletins are sent to committee members.

Marketing Activities

California Tourism's international marketing included diverse activities designed to heighten travel trade interest in and attention to California:

- Organization of California sections at trade shows, travel agent and tour operator sales calls/educational presentations
- Familiarization tour coordination
- Travel trade special interest request fulfillment
- Operation of three overseas representation offices
- Development and maintenance of cooperative partner relationships
- Development of target market products
- Coordination of sales missions
- Coordination of consumer promotions
- Development of a visitor assistance program for international travelers

Trade Shows/Sales Calls



An important component of California's marketing efforts involves attending key travel trade and consumer exhibitions. The program's greatest role here is to provide cost-effective opportunities for the private sector by significantly decreasing its participation costs and/or by adding significant value to the program. This is done through a booth share option, minimizing the financial burden of a participant to pay full price for exhibition space. This also increases the potential for more companies to participate due to the reduced monetary requirement. In addition, a brochure distribution option has been successful in attracting companies who wish to reach foreign markets but lack the resources to do so directly. In 1999, the International Program participated in 21 exhibitions, either individually or with private sector partners.

Reiseliv '99 (Norway) and Matka '99 (Finland), January 4-10 – In a continued effort to reach new markets, California Tourism supported a "Cities of the National Hockey League" display within the USA Pavilion at these two consumer/trade exhibitions. Travel America, a Norwegian based tour operator, successfully recruited endorsement and support from the NHL, including player appearances and interactive displays. California Tourism recruited brochure support from the San Jose, Anaheim and Los Angeles CVBs. Reiseliv organizers report that the highest attendance ever in the 12-year history of the event was recorded with more than 11,000 trade, 387 press and 30,000 consumers.

Vakantiebeurs (Holland – The Netherlands), January 12-17 – California Tourism shared space with Universal Studios Hollywood and Palm Springs Desert Resorts CVB within the *ARKE Reizen* stand at this trade/consumer show. ARKE, the largest Dutch tour operator to the U.S., coordinated a large pavilion that also featured Florida, Arizona, Anheuser-Busch Theme Parks, Colorado Ski, DisneyWorld, various chain hotel operations and Martinair, which provides direct, non-stop service from Amsterdam to Oakland. California Tourism and its co-exhibitors conducted three travel trade educational seminars through the Visit USA Committee, reaching approximately 60 buyers.

Visit North America Seminar (Switzerland), January 19-21 – California and Nova Scotia teamed up as the two featured North American destinations during this travel trade exhibition and seminar. California's presence marked a new concept for trade promotion; in addition to ten travel industry partners, a handful of other non-traditional partners bolstered the effort as well. The Sonoma Valley Wineries Association, the California Department of Food and Agriculture, Gourmet Valley Foods, and Ken Frank of La Toque Restaurant in Napa Valley, helped raise the state's presence, as well as the caliber of sponsorship of the program, to an entirely new level.

Ken Frank developed a special menu and monitored the preparation of a special meal that included all California items flown in from the state. The California Department of Food and Agriculture and Gourmet Valley Foods were instrumental in securing the products, while the U.S. Foreign Consulate Service assisted in expediting the formal customs process.

A wide range of products available at the exhibit stands included: wine, confections, packaged fruit, nuts, rice, cookies and more. Companies providing the items were given additional exposure via distribution of a product fact sheet.

California received exclusive coverage in a special edition of *Travel Inside*, the primary Swiss travel trade publication. Approximately 900 Swiss travel trade were

reached directly through a series of 20-minute educational seminars. With the presence of a chef and substantial wine product, a wine tasting was conducted for key wine press and product distributors as well as political dignitaries and tourism professionals.

California received rave reviews for its production and set the standard by which future sponsors will be measured.

Expo Vacaciones (Mexico), February 15-18 – California Tourism coordinated a unified booth area for the 10 California companies that exhibited. Approximately 5,500 trade representatives, consisting of the nation's leading outbound tour operators, retail travel agents, incentive organizers, media representatives as well as corporate and trade association meeting planners, attended the two day business exchange. In addition to exhibiting, California Tourism participated in an all day workshop organized by the Travel Industry Association of America (TIA) in cooperation with the Visit USA Committee in Mexico and Expo Vacaciones. California partnered with United Airlines in this cooperative effort. More than 400 Mexico travel trade representatives attended the workshop.

BIT (Italy), February 24-28 – California Tourism exhibited for a second time at this important Italian travel trade show. An expanded California presence was achieved with eight companies exhibiting within the California booth and an additional five through brochure distribution. The booth was within the Visit USA section, coordinated by the US Foreign Commercial Service. The first 3 days were devoted to travel trade visitors and the weekend, to consumers. The Commercial Service arranged pre-scheduled appointments with buyers in addition to walk-in traffic. California Tourism distributed 7,500 *Travel Planner's and Visitor's Guides* during the show.

Visit USA (Belgium), March 3-4 – California Tourism organized a small presence, along with Universal Studios Hollywood and Alisal Guest Ranch, at this annual travel trade workshop. Approximately three hundred Belgian travel trade and media attended. In addition to the travel trade and media, California Tourism met with representatives from various airlines servicing California, including United and CityBird.

Behrend Travel – California Tourism attended the grand opening of Behrend Travel Agency in Antwerp. The agency specializes in ranch holidays and niche-type travel. The agency does not currently offer any California product but expressed a great deal of interest in California.

International Tourism Boerse (Germany), March 6-10 – California Tourism incorporated a themed booth area for the first time at ITB. The stand, displaying a California mission and wine region motif featured an archway, lattice, artificial grape vines and Spanish tile. Thirteen companies exhibited within the California stand along with seven companies that displayed collateral material.

"Taste of California" products were distributed and featured Sonoma and Monterey County wines, Ghirardelli chocolate, Tahoe Cookies (Pepperidge Farm) and micro-beer, prepackaged figs, pistachios, and various rice products. The receptions again received high praise and interest by attendees and other exhibitors and the press expressed a great deal of interest in the concept. An information piece providing details about the products and companies was distributed.

Approximately 60,000 trade visitors and 100,000 consumers visited the ITB during the 5-day event.

Two press conferences were conducted during the event to announce California's Visitor Information Program.

Destino/Visit USA Trade Shows (Brazil, Argentina and Chile), March 22-29 – The Visit USA Trade show in Brazil was held in Sao Paulo only. The show once again had the endorsement and support of the U.S. Commercial Center/Brazil which dramatically increased the attendance over last year. Meetings were held with SoleTur and Dimensao, Brazil's largest tour operators, to discuss expansion of California product. Attendance in Argentina was excellent with more than 3,500 travel trade and media attending. California wine tasting sessions were held in the California pavilion both days of the exhibition. Interviews were held with four leading Buenos Aires journalists. In Chile, California Tourism organized a unified exhibition area for five industry partners. Attendance exceeded the initial expectation of 450 travel trade and press.

UA Germany Meeting – California Tourism met with the regional sales manager of United Airlines Germany to discuss upcoming familiarization tours and possible cooperative consumer campaigns.

USA Advisory Council Meeting – California Tourism attended a meeting of the Advisory Council to discuss improvements for the USA Pavilion in 2000.

California Travel Market (Anaheim), April 12-15 – California Tourism continued its support role in the California Travel Market (CTM) with CalTIA. California Tourism staff was instrumental in the overall development of the program, serving on the CTM planning committee, orchestrating buyer and media recruitment, organizing the educational program and coordinating overall logistics. California Tourism maintained its emphasis on the educational component by providing seed money to each of the 12 tourism regions for workshops based on "Four Seasons of Fun." In addition to its financial support, California Tourism assisted in the coordination and implementation of all elements related to the educational program and produced a 15-minute CTM sales video. The strong educational component continues to assist CTM in gaining recognition and respect around the world. Buyer and press attendance reached 130, an increase of nearly 30% over the previous year.

Asociacion of Representantes de Lineas Aereas en Guadalajara (Mexico), April 25-28 – For the third consecutive year, California Tourism together with the Anaheim/Orange County Visitor and Convention Bureau led a delegation of 42 California companies to exhibit at the trade show. Attendance at the show included more than 700 travel trade representatives from 50 cities throughout Mexico. Considered to be one of the most effective travel trade exhibitions in Mexico, it is gaining strength due to its low cost and substantial reach. Airline sponsors from throughout the country provided transportation for Mexican travel agents to attend the three-day seminars and trade show program. A luncheon was sponsored by the California delegation for 350 travel agents. Disneyland provided entertainment.

European Incentive & Business Travel & Meetings Exhibition (Switzerland), May 15-19 – A new booth was designed and coordinated by California Tourism with the support of the major bureaus. Twenty-three California companies were represented at the show. There were 18 group appointments representing more than 160 buyers. Presentations were given to each group by designated members of the CVB's with time allotted to meet with individual exhibitors. California wine and other "Taste of California" products were offered to the buyers.

Travel Industry Association Discover America Pow Wow (Miami Beach), May 15-20

– California Tourism had its largest presence ever at Pow Wow, combining its triple booth space with that of the California Travel Industry Association's single booth. California Tourism conducted appointments with more than 300 buyer companies representing 43 countries. The largest number of appointments came from Japan, United Kingdom, Germany, Canada, The Netherlands and Switzerland. Additionally, follow-up was conducted with ninety-three companies.

Addison Travel Shows (Canada), August 23-26 – California Tourism attended the Addison Travel Shows, a series of retail travel trade shows, for the first time.

California Tourism organized a section that was shared with the San Francisco and Sacramento Convention and Visitor Bureaus, the Central Coast Tourism Council and The Alisal Guest Ranch, in each of the three cities. Attendance exceeded expectations: Vancouver-611; Langley-297 and Victoria-246. Interest in California was strong.

La Cumbre (Miami Beach), August 31- September 2 – California Tourism organized a unified exhibition area utilizing pennants, banners and signage for the 26 companies attending the exhibition. California Tourism received the maximum number of pre-scheduled appointments as well as adding appointments whenever possible. California Tourism and Anaheim/Orange County Visitor and Convention Bureau sponsored the closing lunch at which time it was officially announced that La Cumbre 2000 would be held in Anaheim, the first time ever this show will be held on the West Coast.

Visit USA-Mexico Seminars (Guadalajara, Merida, Monterrey), September 2 – For the first time, staff in the California Trade and Commerce Agency's International Trade and Investment Office-Mexico City, represented California Tourism at seminars in three major cities in the interior of Mexico. The Visit USA committee organized this series of round table seminar/breakfasts, attended by the leading travel trade in each area.

International Tourism Asia "ITA" (Hong Kong), September 1-4 – California Tourism participated at ITA under the umbrella of the "Taste of The USA" campaign, a cooperative effort under the auspices of United Airlines, along with program partners Chicago Illinois, Capitol Region and Miami. ITA attracted strong attendance from throughout Asia and the Pacific, as well as Europe, in its first exhibition. The initial launch attracted 2,000 buyers from a wide range of markets, mostly secondary or emerging to California. Primary regions represented were India, Singapore, Malaysia, Hong Kong, and the People's Republic of China. A small "Made in California" display was incorporated which included Diana's California Cookies, Casa de Fruta chocolate-covered cherries and Gallo wine.

In addition, these products were presented to the California Trade and Commerce Agency's International Trade and Investment staff in Hong Kong, with the request to seek out interested buyers. As a result, one of the companies has since been contacted and negotiations are under way for the possible import.

Asia Pacific Travel Fair "APTF" (Fukuoka, Japan), October 9-11 – California Tourism attended the APTF for the first time based on the fact that the market potential from this prefecture is growing, albeit without any direct flights to Tokyo. The only direct flight from the region is through Portland on Delta, which indicates many passengers connect to California. This route is growing in popularity, in comparison to connecting through Narita or Osaka on direct flights to San Francisco or Los Angeles. Total attendance was 54,356 which included travel trade visitors. Popular destination requests included Los Angeles

and Las Vegas with a strong presence of seniors (Blue Mooners) seeking information on nature travel.

Association of Travel Agents in Sao Paulo (AVIESP) Brazil, October 22-24 –

California Tourism organized participation for four California companies to exhibit at this show within the United Airlines booth area. Attendance at the show, approximately 1,500, exceeded the expected number of travel trade. As a partner with United Airlines, California companies participated in a reception promoting their California/Hawaii special promotion.

Congresso Brasileiro de Agencias de Viagens “ABAV Congress” (Brazil), October 28-31 – For the second year, California Tourism’s presence involved sharing booth space with United Airlines. California Tourism also organized the presence of Anaheim/Orange County, Los Angeles, Mammoth Lakes and San Diego Convention & Visitor Bureaus. Discussions were held with leading tour operators from Brazil to organize familiarization tours and develop itineraries to promote California destinations.

World Travel Market “WTM” (London), November 12-19 – California Tourism organized its annual presence with 31 companies participating. The annual tour operator event/luncheon, involving a yet-to-be-released film, occurred at the British Academy of Film and Television Arts and attracted a sell-out crowd of 150 operators and guests. This year’s film was *“Snow Falling on Cedars”*, which was not released in the US until January 2000, provided by Universal Pictures. Ken Schloss, Executive Chef, Inn at the Tides, Bodega Bay, prepared a California cuisine featured menu for the luncheon. California wine was donated by various wineries and presented by Mark Chandler, Executive Director, Lodi-Woodbridge Wine Grape Commission. In keeping with the California-cuisine theme, a California tabletop cookbook was presented to each guest. “A Taste of California” theme was incorporated into the stand this year and involved various products from throughout the state being displayed for visitors to sample. Products included wine, rice, pistachios, almonds confections, cheese, and more. Wine tasting receptions were held on the first two days of the show. United Airlines and United Vacations were co-sponsors for the fifth consecutive year. WTM attracts approximately 50,000 trade and press annually.

Japan Association of Travel Agents (Tokyo), November 29-December 3 – Eight private sector partners shared booth space and an additional 5 brochure distribution participants occupied California Tourism’s stand. The Los Angeles Convention and Visitors Bureau organized a separate presence consisting of five booths. Twenty-eight California delegates attended the Congress where presentations reflecting the market were conducted. Although attendance figures are not yet known, it is expected that official numbers will reflect a significant decrease from the last JATA held in 1997. The decrease in attendance is assumed to be related to the continuing economic downturn in the region.

Familiarization Tours

Familiarization Tours (fams) are considered by the industry to be one of the most effective mechanisms in promoting a product, destination or service as it allows attendees to experience the destination. Most fam tour elements, (hotels, meals, attractions, etc.) are hosted by private sector partners and host destinations. California Tourism generally provides transportation between host cities. California Tourism’s role can take many forms in relation to fam tours, from initiating and coordinating all aspects, monitoring development of host destinations, escorting, conducting educational seminars, or any combination thereof.

Tradewinds (UK), February 28 – California Tourism negotiated the opportunity for Oakland Airport Authority to address the Tradewinds fam tour group which was passing through the facility enroute to Las Vegas.

Seeheim (Germany), April 20-29 – As a result of California Tourism's participation in the Seeheim educational seminars in October 1998, the State hosted a fam tour for the top 10 qualifying travel agents. United and Lufthansa Airlines provided the airline seats for the tour which featured San Francisco, Napa Valley, Santa Cruz, Hearst Castle, Santa Barbara and Los Angeles.

United Airlines Germany/Lufthansa, April 29-May 4 – California Tourism assisted the airlines with this fam which consisted of 10 decision makers from corporate travel departments/implant travel agencies. The corporations represented are multi-national organizations with high-yield business to the U.S. and consisted of Hoechst, BASF, Arthur Andersen, Andersen Consulting, Abbott, Motorola, Boehringer, ABB, and Dow Chemical. This fam tour was the first such combined effort between the two Star Alliance partners. The participants conducted site inspections in San Francisco and San Jose.

United Airlines/United Kingdom, May 10-14 – California Tourism organized a fam tour for 9 reservation agents from United Kingdom's top tour operators. The group conducted site inspections in Big Bear, Lake Arrowhead and Carlsbad/North San Diego County areas.

Aer Lingus/Ireland, July 16-21 –To show support for Aer Lingus' new non-stop service to LAX from Dublin and Shannon, the fam organized by California Tourism consisted of seven managing directors from Ireland's largest tour operators, one airline escort and the California UK representative. The itinerary featured Santa Monica, Beverly Hills, West Hollywood, San Diego and the Palm Springs Desert Resorts communities.

Lan Chile/Argentina, August 1-8 – In promoting Lan Chile's direct flight from Argentina into LAX, a fam tour of 14 journalists and executives from Lan Chile was conducted in Los Angeles, Las Vegas and San Francisco. Lan Chile presently has over 100,000 seats directly from South America into California and has plans to expand service.

Air New Zealand/United Kingdom, September 10-17 – This fam was organized for Air New Zealand/UK and six of their top high-level agents. The itinerary included Anaheim, Newport Beach, Palm Springs Desert Resorts communities, San Diego and Laguna Beach.

Thompson's Tours/South Africa, September 30-October 7 – Singapore Airlines and Thompson's Tours, the largest outbound operator in South Africa, sponsored an educational tour for 10 of its top-producing USA agents. The itinerary was split between Anaheim and San Francisco.

Aer Lingus/Ireland, October 12-16 – In further support of the airlines' nonstop flight from Dublin to Los Angeles, California Tourism assisted in the coordination of this fam tour which brought nine key tour operator representatives to Palm Springs, Los Angeles/Beverly Hills.

Visit USA Switzerland, November 5-9 – As a result of California's position at the Visit USA Switzerland seminar in January 1999, a fam tour consisting of 12 top-producing reservation agents was conducted in San Francisco and Sonoma County. Lufthansa provided the air seats.

TravelPack Tours/United Kingdom, November 1-7 – California Tourism coordinated this fam tour for 12 of the company's USA reservation agents. Destinations included Santa Barbara, Los Angeles, Anaheim and Palm Springs.

Getaway Tours/United Kingdom, November 26-30 – California Tourism assisted this major tour operator with its fam tour which brought eight top sales agents to Palm Springs, Los Angeles, Santa Monica, Santa Barbara and San Francisco.

Meetings

Travel and Tourism Marketing (Australia) – California Tourism met with TTM to review the status of California's Australian travel trade Web site. The site, currently featuring 10 companies, allows the California travel industry to target information directly to the retail travel agent.

United Vacations (Australia) – California Tourism met with United Vacations regarding the California Experience RFP.

United Airlines Corporate – Numerous meetings with program managers within United Airlines corporate were conducted throughout the year to build programs such as *My California* (Japan), *California Experience* (global), the *Taste of the USA* Consortium (selected markets), and promotion of United Airlines new non-stop international service routes, such as Los Angeles to Melbourne.

Southwest Airlines – As a follow-up to a meeting one year ago in Dallas with Southwest marketing managers, California Tourism met with the Sacramento based marketing representative. The Sacramento representative was involved in the initial meeting and continues to maintain interest in working with California Tourism.

Hawaiian Travel Centre/United Kingdom – Hawaiian Travel Centre, a predominant packager for Hawaii, announced its plan to expand its minimal California section into a 160-page dedicated guide on the state. HTC is offering one-page advertorials for US \$1,000 per page with UK distribution estimated at 100,000 copies. California Tourism has continued to work with the operator throughout the year to obtain support from the private sector and expand distribution into other foreign markets.

Nikkei Business Publications – California Tourism met with Nikkei representatives to discuss a proposal for a 30-page California wine/travel piece to be included in its four major monthly periodicals. Scheduled to be released in March 2000, Nikkei has approached Mondavi to be a main feature. California Trade and Commerce Agency's International Trade and Investment staff participated in the meeting and expressed interest in collaborating on such a piece. This project has been stalled due to Mondavi declining the opportunity and lack of sponsors.

United Airlines Hong Kong – While in Hong Kong for ITA, California Tourism met with the newly assigned reservation and sales manager for the region to discuss cooperative marketing opportunities, including the California Experience project.

United Airlines Japan/United Vacations Japan – Meetings were held with representatives from UA Japan and UV corporate offices to discuss continuing development and promotional strategies for joint marketing efforts such as *My California* and the *California Experience*.

Aer Lingus – California Tourism met with Aer Lingus marketing personnel to discuss the overall success of the newly launched non-stop Dublin/LAX route, future marketing and promotional plans and frequency expansion. Load factors for the route have far exceeded expectations resulting in the airline expediting its plans to expand the service to five days per week as well as daily service. California Tourism has continued to support the airlines' efforts.

California Trade and Commerce Agency, International Trade and Investment (Hong Kong) – California Tourism met with staff from the International Trade & Investment Office (ITI) to introduce two products incorporated into the "Made in California" display during ITA. The products were well received (Diana's California Cookies and Casa de Fruta chocolate covered cherries) and the ITI staff promised to present them to prominent importers. Additional cooperative marketing opportunities were discussed including a free television promotion through one of the major networks. ITI staff offered extensive assistance in promoting tourism, upon official approval from the director of the ITI office in Sacramento.

Sonoma County Tourism – California Tourism met with the new executive director of the Sonoma County Convention & Visitors Bureau, to review available services and marketing strategies for the area.

Sonoma County Wineries Association – California Tourism and Sonoma County Wineries Association personnel met on numerous occasions to discuss cooperative opportunities, including support for World Travel Market and consumer promotions in the UK and Japan.

"Made in California" – Meetings were conducted with representatives from Carlsbad CVB, Callaway Golf, Diana's California Cookies, Gallo Wines, and Ironstone Vineyards.

Project Updates

TOBU Department Store/Japan – A proposal by TOBU Department Stores to conduct a 2-week festival in its Tokyo store has resurfaced through the Monterey Bay Trade Association. Turned down by the California travel industry one year ago, the wine region of Monterey has approached California Tourism to reconsider its support. California Tourism has reviewed the proposal with United Airlines again and has obtained initial support, dependent on the final estimate of required investment. This project is on hold.

Foreign Language Brochure – After two years of development, the redesigned map/brochure was released December 14. Sporting an entirely new look, the piece will be distributed at trade shows and through tour operators overseas. The bulk of the European languages will be held in the UK for distribution upon request throughout the year. The Asian languages will be distributed from California. Nearly 600,000 copies in 9 languages (English, Spanish, German, French, Italian, Portuguese, Japanese, Chinese and Korean) were printed. The supply is expected to last 2 years.

Consumer Promotions

California IMAX Film and Traveling Exhibit – Sponsor development for the "Wild California Experience" IMAX film and traveling exhibit progressed nicely in 1999. Major sponsors committed to participate include: Wells Fargo, American Express, Disneyland Resorts, United Airlines, Robert Mondavi Winery, Hewlett Packard, Airtouch Foundation,

Long Beach Convention & Visitors Bureau, Los Angeles Convention & Visitors Bureau, Monterey Convention and Visitors Bureau, Palm Springs Desert Resorts Convention and Visitors Bureau, San Diego Convention & Visitors Bureau, San Jose Convention & Visitors Bureau, San Francisco Convention & Visitors Bureau, Southern California Edison, California Ski Industry Association, the California Travel and Tourism Commission, and the California Trade and Commerce Agency.

Media partners include the *Los Angeles Times*, *Meredith Publishing*, the *Sacramento Bee*, the *San Francisco Chronicle and Examiner*, *Sunset Magazine*, *United Airlines Entertainment Network*, and *Western International Media*.

The project includes development of a 40-minute, 70mm-format IMAX film about California. California Tourism has underwritten story and sponsor development. IMAX films are seen in specially designed theaters with massive motion picture screens that provide for a very realistic impression of scenery and motion. These theaters are primarily located in museums around the world. One of the most famous is at the Smithsonian Air and Space Museum in Washington, DC. The IMAX theaters are constantly looking for new films to show which will attract audiences. The award-winning creators of *EVEREST*, Macgillivray-Freeman Films, based in Southern California, are directing California's film. K2 Communications is the Executive Producer.

There are about 350 of these "large format" theaters worldwide. The value of presenting "California" in IMAX scale, which is up to eight stories in size, is that the film totally involves the audience in the images, sounds and emotional impact, encouraging them to experience it first hand.

Accompanying the IMAX film, in approximately twenty markets will be a touring exhibit called "The Taste of California". Coordinated by the Trade and Commerce Agency and K2 Communications, the exhibit provides a platform on which audiences can indulge on site, in the state's great culinary and sensory delights, including full service California restaurant concessions, wine tasting, and a promotion of exclusive California merchandise. Party Planners West, a world renowned event management firm has been hired to create high impact staging for the events.

Both the IMAX film and the touring exhibit will be previewed to the media, travel trade and government, community and business leaders in the foreign countries where it shows. "Hollywood-style" premieres will showcase California and its many qualities for vacationers and commerce, in ways that cannot be duplicated by other states or destinations.

An accompanying multi-media campaign and cross-promotion opportunities have been developed in 1999, including creation of two broadcast :60 and :30 spots, radio, and various printed collateral such as a key graphic, magazine and newspaper ads, brochures, press kits, and poster artwork.

The WildCA.com Web site was designed in 1999, and has planned syndication in the year 2000.

United Airlines in-flight promotions are planned, as well as a series of United Airlines Video News Releases have been developed to feature specific California destinations and cross-promote the film.

Planning continued to develop an \$8-10 million pro-bono media campaign to launch the film in California. Planning also continued to create Wild California tour packages in the UK, Germany, and Japan.

The project in total is expected to reach \$26 million in leveraged cooperative participation and generate approximately 3 billion gross impressions worldwide, including 10-12 million people who will actually see the film.

United Kingdom – Discussions with various partners continue regarding the development of a promotion, via a major retailer, throughout the UK.

Japan – Three projects are under evaluation regarding large scale consumer campaigns throughout Japan.

Canada – California Tourism's long-standing promotional campaign, "*California Dream Days*", ran November 1998-February 1999 with promotional support from Air Canada. The directory included reduced rates for more than 400 accommodations, sightseeing and transportation services, shopping, RV parks and campgrounds throughout California. 300,000 copies of the directory were distributed to the consumer and travel trade. Air Canada provided radio promotions, airport displays, travel industry communications and posters in addition to distributing the value-added directory to the travel trade. However, after 14 years, reduced redemptions and fewer requests indicated that the traditional percentage discount and format was no longer appealing. A revised program named "Wild Vacations in California" was released in February 2000. The program consists of popular tourist attractions and hotel discounts contained in a coupon book, which is distributed through corporate human resource departments. The new program will double circulation, provide for a year-round promotion and access the consumer directly.

Argentina – An initial discussion regarding the development of a shopping campaign in Argentina has occurred.

Continuing Projects

California Highlights – The second issue of the travel trade newsletter was released early in 1999. An outside consultant has been hired to move the project forward on a more conservative agenda of two issues per year with the next issue scheduled for early 2000. Targeting domestic and international travel trade, the newsletter provides a mechanism to communicate the state's latest developments. The "Spotlight Destination" feature, previously one page, has been expanded to include two areas (North and South).

Golf Guide – In late 1999, California Tourism updated its *Golf Facilities Resource Guide*. Primarily for internal use, but available to the travel trade, media and general public upon request, the GFRG provides valuable information about public golf courses, training facilities, equipment manufacturers, facility tours, reservation services, etc. Inclusion in this guide is free and is provided as a courtesy to the industry. The guide has been used by media for story ideas, travel trade for special programs and the general consumer. The updated version will be available in early 2000.

Self-Catering Accommodations Guide – Much like the *Golf Guide*, numerous requests for self-catering facilities (villas, apartments, condos, hotels with kitchens, etc.) are received throughout the year. This guide has also been updated, and offers free participation to the travel industry. The updated guide will be available in early 2000.

Visitor Information Program (VIP) – Now in its second year, the VIP has gained significant visibility and support. The program's multiple options for participation provide a wide range of choices for the industry. The service provides travelers to the state with a

toll-free number from which they can obtain travel reference information, multi-lingual telephone operators, emergency assistance, directions, etc. The program was selected as a finalist in the Public Service Category of the Travel Industry Association's annual Odyssey Awards. California continues to be one of only three states offering such a service, but still leads the other two in relation to the extent of the service.

Taste of California – California Tourism continues to expand its “Taste of California” campaign in selected international markets, and continues to experience success in cross-promoting tourism with agriculture and processed food/wine products. As a result of these efforts, newfound partnerships have developed with agricultural producers, processors, restaurants, the California Department of Food and Agriculture as well as the U.S. Foreign Commercial Service offices worldwide. Some expansion into manufactured goods, such as greeting cards and golf equipment, is planned for marketing efforts in 2000.

Sales Video – A new 3-minute sales video was produced by Mering and Associates in 1999. The video was themed “California, Find Yourself Here,” and featured all parts of the Golden State.

United Airlines Global Partnership

California Tourism continued to enhance its relationship with United Airlines globally by strengthening existing programs and developing new opportunities.

My California (Japan) – Although the campaign, launched two years ago, has not reached the level of success initially hoped for, United continues to support the project with significant advertising and promotional efforts. The campaign, scheduled to terminate in Spring 2000, will most likely continue in some fashion, possibly through inclusion in the “California Experience” tour operator packaging program.

Taste of the U.S.A. (selected markets) – United Airlines developed a unique consortium consisting of the main destination marketing organizations within its key U.S. gateways. The group currently includes Miami, Chicago and Illinois, Maryland, Washington D.C., and Virginia Tourism offices.

The intent of the group is to develop and implement cooperative marketing opportunities in selected markets, primarily where little marketing is applied. Educational seminars are conducted featuring each of the partner areas with the ultimate goal to develop a packaging component involving city/region pairs. For example, customers can select tour itineraries combining any two or three city pairs, such as Miami and San Francisco, Los Angeles and Washington D.C., Chicago and Miami; etc.

The packaging will be distributed through key tour operators in secondary and emerging markets and would not conflict with any individual partner's marketing efforts. Successful applications have been experienced in Mexico City and Hong Kong. Other markets targeted to receive the program include France and Brazil.

United Airlines Star Alliance Discount Travel Program – In order to strengthen the relationship with the airlines' global partners, California Tourism is working to develop an in-state travel program for the growing number of employees of the Star Alliance Partners (300,000+). Currently, partners include ANA, Varig, SAS, Lufthansa, Thai, Air Canada, Ansett and Air New Zealand. Additional airlines are expected to be added to the partnership in the coming months.

Miscellaneous Activities

UK Tour Operator Dinner (London), March 2 – California Tourism, in cooperation with the Palm Springs Desert Resorts, Anaheim/Orange, and San Diego Visitor Bureaus, and Universal Studios Hollywood and J.C. Resorts, hosted a small group of product managers from key UK tour operators for dinner and discussion. United Vacations, Virgin Atlantic Airways, Air New Zealand Holidays, Travel 4/Travel 2 and Page & Moy were in attendance. California Tourism plans to organize such events a few times per year in order to strengthen relations with buyers and create an open forum for communication and brainstorming. Similar events are planned for Germany.

Aer Lingus LAX Service Launch (Dublin), May 28 – Aer Lingus, the national carrier for Ireland, launched its inaugural Dublin/Shannon non-stop service to Los Angeles. Preliminary confirmed bookings had reached over 20,000 before the commencement of service. California Tourism played an integral role in rallying the tourism industry in providing in-kind support for both the corporate and trade events to commemorate the service, which is currently three-times weekly. The corporate event attracted nearly 1,500 business professionals while the trade event attracted 550 travel trade and press representatives, surpassing the 300 expected.

Aer Lingus “California Night” (Algarves), October 5 – In the airline’s continued efforts to bolster exposure for its new west coast non-stop, this event was sponsored during the Irish Travel Agent Association annual convention. Similar to the inaugural launch event on May 28, California Tourism secured substantial support from the travel industry including travel prizes, decorations, and more.

National Children’s Hospital Charity Auction (London), November 19 – As part of California’s partnership with the “Taste of USA” campaign under United Airlines, California Tourism secured a substantial donation from major destinations in the form of a travel prize that was auctioned off during the event. California’s donation helped raise \$90,000 for the charity and provided significant exposure to the state as well as the individual sponsors.

Americafirst Travel Agent Training Seminars – California Tourism signed on to co-sponsor Series I and II of the newly developed Americantours International global travel agent training seminar program. Series I showcased California to more than 2,000 retail travel agents throughout Australia, the United Kingdom and Holland. Series II results are not available yet, although market reach has included South Africa, Australia, Belgium, United Kingdom, France and New Zealand.

Presentations

Mammoth Area Chamber of Commerce, May 6-7 – A meeting with Mammoth area tourism/business leaders as well as a presentation to local tourism businesses was conducted. The meeting with the tourism leaders involved a roundtable discussion regarding how the community could better capitalize on its resources to attract domestic and foreign tourists. The presentation to local businesses consisted of sharing information related to the California Travel and Tourism Commission, the Tourism Marketing Act, how California Tourism operates and its services, cooperative marketing opportunities, etc.

Australia Press Conference (Sydney), June 5 – In conjunction with the San Diego Convention and Visitors Bureau, California Tourism conducted a press conference to announce its intentions to establish a contract representative in the country. Originally intended to be operational by November 1, delays resulted in a final decision being made December 31, 1999.

Discover USA Asia/Pacific (Hong Kong), August 31 – As part of the participation in the ITA, California Tourism addressed a group of 200+ Asia/Pacific tour operators during the Discover USA Seminar organized by the Travel Industry Association of America.

Aer Lingus/Ireland Tour Operators (Dublin), September 16, 1999 – In an effort to support the carrier's strong initiative into the California market, California Tourism conducted a 1 ¼-hour presentation to 9 of the airline's top tour operators. The presentation featured video and hard-copy visuals and covered geography, itinerary suggestions, market sector appeal and the California Travel Market.

California Experience/UK Tour Operators (London), September 30, 1999 – While in London to conduct interviews for California UK representation services, California Tourism made a one-hour presentation to six of the region's top tour operators. The session featured video and hard copy materials as well as a question and answer session.

Ventura Convention and Visitors Bureau, November 3 – California Tourism participated in a panel presentation to the Ventura Convention and Visitors Bureau membership regarding international tourism.

Santa Barbara Conference and Visitors Bureau, December 1 – California Tourism conducted a presentation on the importance of international tourism to the membership of the SBCVB.

Foreign Offices

California retained its three overseas offices under contract, with the UK and German offices being funded as part of a cooperative agreement with the San Francisco, Los Angeles (until July 1), Anaheim/Orange County, Palm Springs Desert Resorts, North Tahoe (joined July 1), Sacramento (joined July 1) and San Diego Convention and Visitor Bureaus. The Japan office is funded solely by California Tourism. In addition, the process to secure similar representation in Australia and Brazil were in the final stages at the time this document was created. A final selection regarding these offices is expected shortly. Routine responsibilities of each office are identified below:

- produce trade leads for each partner
- provide assistance in coordinating two major trade shows in-country
- provide assistance in securing appointments for industry partners at two major trade shows in the U.S.
- facilitate California's presence at in-country trade promotional events
- conduct educational seminars for retail travel agents
- conduct sales calls on key tour operators and incentive planners

- distribute destination planning information for the state and partners
- provide market analysis reports and trend updates
- develop and distribute a California newsletter to the travel trade and media
- facilitate media inquiries
- facilitate familiarization tour requests
- assist the travel trade in product development

UK Representation Office – Los Angeles Convention and Visitors Bureau withdrew from the UK representation partnership in order to establish an independent representation office. The North Tahoe Visitors Bureau and the Sacramento Convention and Visitors Bureau joined the partnership, bringing the number of private sector partners to six.

At the request of the partners, the contract was opened for bidding. Upon completion of the state contract selection process, including submission of proposals, bids and interviews, the partnership elected to retain the current contractor, Marketing Services Travel and Tourism. However, due to performance and operational concerns, the contract was renewed on a conditional basis, to be completed by June 30, 2000.

The UK office plays a key role in the coordination of California's participation at World Travel Market. The region currently covered by the office includes Scotland, England, Wales and Northern Ireland as official countries of the United Kingdom. Due to the establishment of non-stop service by Aer Lingus from Dublin to Los Angeles, the office will expand its coverage to include the Republic of Ireland. In the process of launching the service from May 28 to date, the UK office has extended its service to the airline in every way possible, including attending launch events, coordinating fam tours and conducting educational training seminars for the airline.

The number of travel trade inquiries during the year was approximately 7,116 while the number of consumer requests totaled just over 4,000. Although the UK office does not contractually fulfill consumer requests, they graciously forward these requests on to a fulfillment house. This service is self-sufficient as a modest fee by the consumer pays for the mailing and handling costs.

Germany Representation – Up to December 31, 1999, the Germany representation has been a subcontractor to the UK office. However, beginning January 1, 2000, Germany will become an independent contractor to the funding partners. Performance throughout 1999 has been exemplary.

In addition to a wide range of activities noted above, Germany handled 5,727 trade inquiries and 2,219 consumer inquiries during the year. Similar to the UK, Germany also does not contractually fulfill consumer requests but forwards them to an outside fulfillment house for processing. The German consumer also pays a small fee for the shipping and handling.

The Germany office focuses on the countries of Austria, Germany and Switzerland.

Japan Representation – California Tourism solely funds Japan representation services, although the contractor often provides key destinations with valuable services at no cost. The contractor provides the California travel industry a detailed industry analysis monthly while the Tokyo office processes trade and consumer inquiries. At the time of this report preparation, final numbers on the year were not available.

The Japan office is instrumental in coordinating the industry's presence at the biannual Japan Association of Travel Agents Congress and Trade Show, as well as the biannual Visit USA Travel Fair. In addition, 1999 saw California's first approach to the Fukuoka market by attending the Asia Pacific Travel Fair.

Visit USA Offices

To maximize California's ability to maintain presence in numerous markets worldwide, membership in the Visit USA organizations is critical. Membership allows the state to distribute collateral material, serve on planning committees, participate in education programs and fam tours without the demands of personal attendance. This is especially important in the state's many secondary and emerging markets. Current memberships:

Argentina
Belgium
Brazil
Chile
Denmark
Finland
France
Germany
Ireland
Italy
Korea
Mexico
The Netherlands
Sweden
Switzerland
United Kingdom

Media Relations

Media Outreach

Media Blitzes – California Tourism organized the state's sixth annual media blitz to New York City, February 22-24, 1999. This trip included 38 delegates representing 32 California destinations, attractions, sightseeing companies, shopping areas, hotel properties and a ski resort, plus airline partner, United Airlines, who met with 137 travel trade and consumer press in New York City. In addition to developing relationships with the New York-based media, actual leads and story placement resulted from the media blitz in the following outlets: *Fodor's California Travel Guide*, *Travel Agent*, *Travel Weekly*, *Redbook*, *Women's Day*, *Chocolatier*, and *Successful Meetings*. The California 2000 media blitz to New York is scheduled for May 17-19, to take advantage of an opportunity to premiere the new *Wild California* large format film for New York area press.

California Tourism organized and led the first-ever California Tourism Media Blitz to Europe, September 7-16, 1999. The California delegation included representatives from the Central Coast Tourism Council, The Disneyland Resort, Kern County Board of Trade, Kimpton Hotel & Restaurant Group, Mammoth Lakes Visitors Bureau, Monterey Peninsula V&CB, Newport Beach C&VB, Palm Springs Desert Resorts C&VB, The Queen Mary, San Diego C&VB, San Francisco C&VB, SeaWorld California, South Coast Plaza, and Yosemite National Park Lodges. Delegates met with approximately 70 journalists at press events in London, Hamburg, Frankfurt, and Munich. Results of the trip included the establishment of relationships with the press, with story placement occurring in the long term. A press trip with United Vacations for UK journalists is planned, while *GLOBO* Magazine and *GEOSpecial* are planning California features in 2000. The London press event was organized by Johnston Associates and the Germany portion of the media blitz was organized by Kleber PR Network. Both firms were selected by California Tourism's offices in London and Frankfurt, respectively.

California Tourism staff regularly conduct editorial visits with key publications and journalists in the Los Angeles area and San Francisco Bay Area, scheduled in conjunction with meetings and conferences in those destinations.

Media Assistance

Trade Show/Conference Media Assistance – California Tourism responded to media requests at major travel trade shows and conferences including appointments with 35 press at ITB in Berlin (March); 35 press from 16 countries attending the Discover America International Pow Wow in Miami (May); 35 press attending Society of American Travel Writers (SATW) Western Chapter Meetings in Flathead Valley, Montana (January) and Keystone and Vail, Colorado (June); and 62 press attending World Travel Market in London (November).

CTM – California Tourism coordinated the publicity effort for the third annual California Travel Market (CTM), April 12-15, in Anaheim. Twenty-nine travel trade and consumer press from 14 countries participated in CTM '99, an increase of 61.1 percent over 1998. To date, 19 articles and/or features about California and CTM have been generated by journalists attending the show. California Tourism organized and staffed the pressroom and responded to press requests on site.

Press Trips – Individual press trips were organized by California Tourism throughout the state for domestic travel writers, and journalists and broadcasters from Australia, Denmark, England, France, Germany, Japan, and Scotland.

In conjunction with the Plumas County Visitors Bureau and the Eastern Plumas Chamber of Commerce, California Tourism coordinated a press trip to Eastern Plumas, May 23-27, 1999. Participating in the five-day press trip were Elizabeth Harryman, co-host of *The Touring Company* on KPCC-FM Radio in Los Angeles and Travel Editor of *Westways*; Carolyn Koenig, Contributing Writer, *Senior Travel Tips*; Maury and Hope Kane, Travel Correspondents, *The Stockton Record*; and freelance travel writers Carole Terwilliger Meyers and Laura Read.

Media Assistance – California Tourism's media relations staff assisted approximately 1,100 journalists with information for travel and tourism articles, broadcasts and travel guide books on California.

North American Snowsports Journalists Association (NASJA) National Conference – California Tourism co-sponsored the NASJA conference in Mammoth Lakes, April 7-11, 1999, delivered welcome remarks at the opening day breakfast, and participated in the trade show. Approximately 300 journalists and industry representatives attended the five-day conference. The snow journalists were integrated into the media mailing list and were sent a copy of the 1999/2000 edition of *California Snow* in November 1999. To date, ten features have been published throughout the U.S., with a value in excess of \$35,000.

World Giant Cedar Summit - At the invitation of the organizing committee, a California Tourism delegation, including California Tourism's media relations manager, participated in the inaugural World Giant Cedar Summit in Imaichi City, Japan, November 1-3, 1999. The Summit promoted tourism through the preservation of the giant cedars of Japan and the giant sequoias of California. California Tourism press material including a Japanese version of *What's New In California* was distributed to the 15 press in attendance. The value of print publicity in Japan generated as a result of the World Giant Cedar Summit was nearly \$100,000. In addition, the Summit received broadcast coverage via NHK-TV News in the Greater Tokyo area.

California Tourism Newsletter – Four editions of *Insights*, a newsletter that informs California travel companies and destinations on how they can take greater advantage of California Tourism's services and programs was written and distributed to approximately 9,500 organizations and individuals (including all assessed businesses). In July, *Insights* made its debut as a California Tourism-branded publication, serving as a voice for the CTTC and the Division of Tourism

What's New In California – Each quarter, California Tourism issues *What's New In California*, a major roundup release about new developments in California tourism. *What's New* is sent to more than 2,700 national and international writers, editors and broadcasters. The quarterly update is well received by the media. For example, it is regularly used by *Senior Travel Tips*, *Travel Agent*, *TravelAge West*, *Sacramento Bee*, *Knight-Ridder Newspapers*, and Associated Press (AP), among other publications. *What's New* entries are regularly picked-up by AP, and go to 1,550 daily AP member newspapers around the country, representing 98.8 percent of all U.S. dailies and 99 percent of U.S. newspaper circulation. Foreign language versions of *What's New In California* are published throughout the year for the international publicity efforts in Germany, Japan and Latin America, and are available on the California Tourism Web site.

Web site – *What's New In California* and feature releases continue to be included in California Tourism's Web site. The Web site will become more "press friendly" in 2000, with the addition of a dedicated page for journalists called the Press Room. Accessible by "clicking" the Press Room button, the page will include *What's New In California*, new themed feature releases, news releases, California fact sheet, media relations contacts, and additional information useful for developing a California tourism story.

Press Releases – Seventeen press releases and media advisories were distributed to the travel media about California Tourism programs, publications, promotions and research findings.

Publicity Evaluation – Newsclips collected by a newsclipping analysis service (January - November 1999) totaled 11,929 articles featuring California destinations or tourism issues with an ad equivalency value of \$73.9 million. Approximately 1/8th of these articles were generated by writers who had direct contact with California Tourism, meaning that about **\$9.2 million in direct ad equivalency** was generated from the \$387,000 budgeted for California Tourism media relations. And, since editorial space is widely recognized to



have a 10 to 1 value in relation to advertising space, a potential value of **\$92 million in equivalent advertising space** is estimated to have been generated by California Tourism publicity.

Coverage Increase – The number of articles about California increased by 6 percent over 1998, while ad equivalency for these articles increased by 16 percent.